

STREAMLINING THE
PL 480 TITLE II PROGRAM

FINAL REPORT

Submitted to The Congress

By

THE UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

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Table Of Contents

I.	Forward.....	Page 3
II.	USAID’s Approach to Streamlining.....	Page 5
III.	Major Findings.....	Page 7
IV.	Action Plan for Implementation.....	Page 12
Annex A. Streamlining the PL 480 Title II Program: An Interim Report from the United States Agency For International Development		

I. Forward

The Farm Security and Rural Investment Act of 2002 was signed into law May 13, 2002 and included several amendments to PL 480, the Agriculture Trade Development and Assistance Act of 1954. Prominent among those changes was an amendment to Section 202 of PL 480, calling for “Streamlined Program Management” of the PL 480 Title II program.

Specifically, the amendment provided:

“(h) STREAMLINED PROGRAM MANAGEMENT.-

- (1) IMPROVEMENTS. –** Not later than 1 year after the date of enactment of this subsection, the Administrator shall -
 - (A)** streamline program procedures and guidelines under this title for agreements with eligible organizations for programs in 1 or more countries; and
 - (B)** effective beginning with fiscal year 2004, to the maximum extent practicable, incorporate the changes into the procedures and guidelines for programs and the guidelines for resource requests.
- (2) STREAMLINED PROCEDURES AND GUIDELINES. –** In carrying out paragraph (1), the Administrator shall make improvements in the Office of Food for Peace management systems that include –
 - (A)** expedition of and greater consistency in the program review and approval process under this title;
 - (B)** streamlining of information collection and reporting systems by identifying the critical information that needs to be monitored and reported on by eligible organizations; and
 - (C)** for approved programs, provision of greater flexibility for an eligible organization to make modifications in program activities to achieve program results with streamlined procedures for reporting such modifications.
- (3) CONSULTATION.-**
 - (A) IN GENERAL. –** Paragraphs (1) and (2) shall be carried out in accordance with section 205 and subsections (b) and (c) of section 207.
 - (B) CONSULTATION WITH CONGRESSIONAL COMMITTEES.-**

Not later than 180 days after the date of enactment of this Subsection the Administrator shall consult with the Committee on Agriculture and the Committee on International Relations of the House of Representatives

and the Committee on Agriculture, Nutrition, and Forestry of the Senate on progress made in carrying out this subsection.

- (4) REPORT.- Not later than 270 days after the date of enactment of this subsection, the Administrator shall submit to the committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the improvements made and planned upgrades in the information management, procurement and financial management systems to administer this title.”

In the Statement of Managers accompanying the Farm Security and Rural Investment Act, the House/Senate Conferees emphasized the importance of these provisions, noting that “*the streamlining of procedures and regulatory requirements, and acceleration of the approval and review of projects involving food aid programs administered by USDA and USAID are a priority of this legislation.*” The Managers went on to state that: “*It is necessary for USDA, USAID, and participating non-governmental organizations to act in concert to streamline and expedite procedures and activities to achieve a more effective and timely food aid delivery process.*”

In November of 2002, as required by the legislation, USAID officials briefed Congressional representatives on initial streamlining activities and progress to date. In February of 2003, USAID, noting the unprecedented food emergencies in the Horn of Africa and the humanitarian assistance needs in Afghanistan and Iraq, requested and obtained an extension of time to continue its work and reporting on streamlining activities. Based upon that agreement, an Interim Report was provided on March 31, 2003 to the relevant Congressional Committees. That Report provided a description of streamlining actions taken up to that time and outlined USAID’s plans for further assessments and streamlining the Title II program. A copy of the Interim Report is attached at Annex A.

This document is USAID’s Final Report to the Congress, as required by the Farm Security and Rural Investment Act of 2002.

II. USAID’S APPROACH TO STREAMLINING

The period since the Farm Security and Rural Investment Act of 2002 was signed into law in May 2002 has been unprecedented in the recent history of humanitarian assistance. The continuing needs in Afghanistan, the unprecedented food emergencies in the Horn and Southern Africa, the war in Iraq, and the continuing humanitarian crisis in Sudan and Angola, all created extraordinary situations for the U.S. Agency for International Development and placed unusually heavy burdens on the Office of Food for Peace to avert famine and save lives in these countries. The fact that a total of over 1.3 million metric tons of food were procured, shipped and delivered in emergency assistance to these countries during this critical period attests to the enormous workload and pressure placed on the Agency and its staff.

Notwithstanding these extraordinary situations, however, the Agency began its “formal” streamlining efforts during the summer of 2002 immediately after the enactment of the legislation, as was noted in the Interim Report to the Congress. That report also documented substantial progress made in streamlining the review and approval process and work underway with USDA in the development of a Food Aid Request Entry System (FARES). It was clear from the very beginning of the streamlining process that the wide range of both U.S. government and non-government interests in Title II of PL 480 (and food aid generally) required an examination of potential streamlining decisions that would be as transparent and as inclusive as possible.

While the legislation provides that “the Administrator shall make improvements in the Office of Food For Peace management systems...,” and while that directive is the primary focus of this Final Report, Title II policies, procedures and processes are also a part of the Agency’s overall approach to development and humanitarian assistance. Therefore, streamlining Office of Food For Peace systems and procedures must take into account not only their importance within the Title II program, but also, the relationship of those systems to field missions and other activities of the Bureau for Democracy, Conflict and Humanitarian Affairs.

In addition, the procedures used by the U.S. Department of Agriculture in its management of food aid activities were examined for reference and as possible models. USAID also wanted to ensure that the Title II streamlining effort included the participation of Cooperating Sponsors, as well as critical business interests in the commodity, transportation, and related support industries.

In the conduct of this review, USAID undertook stakeholder consultations in several ways:

- Through statutory procedures such as meetings of the Food Aid Consultative Group (FACG);

- Through other venues and gatherings such as the June, 2002 USAID Food For Peace Conference and the April 2003 USDA Export Conference;
- Through the Title II Strategy development process, and individual consultations;
- Through the use of two highly qualified consulting firms in order to assure the widest possible range of inquiry, both within and outside USAID; and
- Via anonymous on-line surveys of Cooperating Sponsors, World Food Program staff, Food For Peace staff and USAID field missions, conducted by the independent consultants.

The consultants in turn expanded upon USAID's initial work and contacts, conducting a detailed analysis of internal systems and procedures and meeting with a broad, representative group of stakeholders. The consultants also reviewed previous analyses of Title II, researched regulatory and policy requirements, and examined related food aid procedures such as those used by the U.S. Department of Agriculture. This Report is drawn from the highlights of their findings and suggestions for action.

USAID's objective in this effort has been to comply fully with the Congressional directive to streamline Title II program management. In doing so, the Agency has examined the policies, strategies, and management of the Title II program in a candid and results-oriented manner. The intent has not been simply to identify problems or obstacles to sound program management. Instead, the focus has been on a very thorough and frank analysis that seeks solutions and improvements, as well as finding ways to enhance those processes that already provide positive support to the program.

In presenting this Report, therefore, USAID candidly describes the major findings that have resulted from the streamlining effort. USAID recognizes that those findings clearly indicate the need for immediate action. USAID is firmly committed to these improvements and has already established a timetable for their implementation, as described in this Final Report.

III. Major Findings

Assessment of streamlining opportunities by the two independent consultants has encompassed a very wide range of inquiry, including many internal technical and procedural systems. Presented below are the major highlights from this assessment, as they relate to the Office of Food for Peace (FFP) operating environment, and administrative, program management and information systems associated with the program.

A. Findings – Operating Environment

- 1. The recent enormous growth in Title II program size and responsibilities require an end to “business as usual.”** The PL 480 Title II program received over \$1.8 billion in appropriations, including supplemental funds, for FY 2003. While that level was unusual for several reasons, appropriations of approximately \$1.2 billion were requested for FY 2004. At that level, the program simply cannot be managed by USAID in the manner of prior years. Excessive process and overwhelming documentation requirements are incompatible with a \$1.2 billion program. Economies of scale and the management decisions to achieve them are essential and urgently needed. The congressional mandate to streamline adds urgent impetus to an already essential task.
- 2. The Title II program, while an activity of USAID, has been greatly impacted by numerous external influences over the past 18 months which have required extraordinary attention and have consumed management time and resources.**

These influences include:

- Unprecedented emergencies,
- An extended period of Continuing Resolutions,
- Changing commodity prices, and
- Iraq and Afghanistan wars.

The Agency and its Office of Food for Peace have done much to deal with these influences over the past 18 months. However, the Agency now must shift its attention to a management focus for Title II that creates and sustains far greater program efficiency.

3. **The Office of Food For Peace has developed a Concept Paper for its new Strategic Plan that can be the basis for streamlining.** The new Concept Paper proposes a focused strategic objective – *Food insecurity in vulnerable populations reduced* – with matching intermediate results dealing with enhancing the Food for Peace Office’s global leadership in food aid and increasing Title II program impact in the field. In addition, a crucial intermediate result that links the strategic framework is *"timely and efficient program management achieved."* This strategic approach provides the most immediate opportunity to recommit the Agency to timely, efficient and effective management of Title II.
4. **Basic regulatory guidance for Title II is outdated and needs to be updated.** The lack of updated regulations causes reliance on “ad hoc” interpretations, a long outdated Handbook, and internal memoranda, emails and notes that are not codified, sometimes inconsistent, and occasionally forgotten. While the Agency has developed an Automated Directives System (ADS) to provide uniform and unified policy and program guidance, Title II is not yet a part of the ADS. Title II policies and procedures must be incorporated into the ADS on a priority basis.
5. **Although there have been four major reviews of the FFP Office’s administration of Title II since 1999, the Agency has devoted insufficient attention and resources to implement some of the key findings and recommendations.** In addition, there have been prior General Accounting Office reports and other reports dealing with FFP program management. The recommendations in these reports are remarkably consistent, e.g. the need for clearer, more succinct guidance, substantially reduced documentation requirements, shorter time periods for program review and approval, better trained staff, and simplified reporting requirements. However, only a few recommendations have been implemented to date for lack of sufficient resources.

B. Findings – Food for Peace Administration and Financial Management

- 1. Budgeting and financial management activities in the Office of Food For Peace are time-consuming and not well understood, and the Office has inadequate resources to perform them.** The FFP Office must deal with a complex process for obtaining its funding from the U.S. Department of Agriculture (USDA) accounts, in addition to the USAID budgeting process. At the same time, the FFP Office has a major responsibility to manage and report on the actual use of budgeted resources (that currently exceed \$1.5 billion). In addition, there are continuous tasks required in budget examination of all proposals. Both the capacity and the configuration of staff resources are not adequate to meet these varied responsibilities.
- 2. USAID’s “mission re-delegation authority” to field missions is not being fully used for improved program management.** The Office of Food for Peace and the Agency have established clear criteria for “re-delegated missions” in which certain PL 480 Title II decision-making authority has been re-delegated to USAID missions in the field. That authority should be used to help reduce time spent by the FFP Office in Washington in the program approval process. Currently, five USAID missions have “re-delegated” authority to make some decisions now being taken in Washington. Those authorities should be used, if appropriate, or withdrawn.
- 3. The Office of Food For Peace clearly needs additional support for both technical and administrative resources.** Information technology upgrades, staff training, computers and other technical needs, all require increased Agency support. Many of these unmet needs are long overdue and will be necessary to follow through with serious streamlining efforts.

C. Findings – Program Management

1. **Significant improvement is needed in the timing and management of the FFP Office’s program review and approval process for both development and emergency programs.** For non-emergency development programs in which a Development Assistance Program (DAP) proposal and other reports are submitted by a Cooperating Sponsor, the total amount of documentation submitted on a single due date is excessive. This in turn, causes major delays in review and approval schedules.
2. **Key policy issues lack formal documentation.** This results in confusion, inaction, variable interpretations, internal conflict, miscommunication, and an overall ad hoc approach which is time-consuming, costly, and not transparent to outsiders.
3. **Currently, the FFP DAP Guidelines are unclear regarding the definition of the legislatively required 120-day window for program “approval.”** The Guidelines now state: “FFP will reach a final decision (approve and negotiate a signed transfer authorization, or deny approval) on DAP proposals within 120 days of submission of a complete document to FFP” (page 1). However, later the Guidelines state: “By the end of the 120-day period, FFP will communicate the decision made regarding approval or denial of the proposal” (page 2). These are 2 different definitions.
4. **The FFP Office has a serious lack of clear, updated, written guidelines for some basic operational procedures.** As a result, the FFP Office currently relies heavily on the “institutional memory” of a few individuals with their own perspectives, biases, and resource limitations.

D. Findings – Information Systems

1. **Delays in data entry (input) and generation of key reports (output) of the Food for Peace Information System (FFPIS) cause a major bottleneck in the FFP Office's review and approval process.** While it is the sole historical database for FFP commodity transactions and programs, the FFPIS system is antiquated, lacking back-up, and in need of major redesign and upgrade to be more reliable, user-friendly and responsive.
2. **The "FARES" system, jointly developed by USDA and USAID, is a marked improvement to the traditional commodity “call forward” process.** USAID and the U. S. Department of Agriculture have completed work on the Food Aid Request Entry System (FARES). FARES is a web-based system whereby authorized participants may call forward (request)

commodities against approved programs through a paperless on-line medium. Under the system, a Title II Cooperating Sponsor will be able to enter commodity request data in a user-friendly electronic format against approved Title II programs.

Administered by the U.S. Department of Agriculture in cooperation with USAID, the system represents a major advancement in real-time information-sharing on the status of any commodity request throughout the whole process, thereby minimizing the need for time-consuming follow-up. While initiated by USDA, USAID has contributed significant cash and human resources to this highly beneficial project. FARES will be used for all food aid programs administered both by USDA and USAID and will be mandatory for all food orders.

IV. Action Plan For Implementation

In this Report to Congress, USAID wishes to emphasize that it views the findings in Section II as serious, urgent, and in immediate need of attention. Accordingly, the Agency has developed the following action plan for their implementation:

1. Within the next 30 days, the Agency will publish revised PL 480 Title II Guidelines and Policies for the submission of non-emergency program proposals that include changes resulting from the streamlining review, as required in last year's legislation.
2. The Agency will revise the timing requirements for the submission of non-emergency program proposals and results reports to require phased submission of documentation on November 1, January 15 and February 15. This will dramatically decrease concentrated workload requirements for both Cooperating Sponsors and Agency staff.
3. The Agency will adhere to the following definition of the "120 day requirement" for development proposals: *completion of all program review and approval procedures, including the approval of an Annual Estimate of Requirements, and the issuance of a Transfer Authorization within that timeframe.*
4. The Agency will draft and submit for public comment an updated Agency Regulation 11 no later than March 31, 2004.
5. The Agency will take immediate action to improve the timing of data entry (input) into the Food For Peace Information System (FFPIS) and broaden the availability of key FFPIS reports (output) for use by staff in the proposal review and approval process. In addition, subject to availability of funds, the Agency will take action to upgrade the FFPIS system and enhance overall database design, functionality, and access.

6. The Agency will immediately review the remaining internal administrative and management systems improvements recommended by the streamlining consultants and establish a plan and timetable for implementation

Annex A.

Streamlining the PL 480 Title II Program: An Interim Report from the
United States Agency For International Development

STREAMLINING THE
PL 480 TITLE II PROGRAM

AN INTERIM REPORT FROM

THE UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

MARCH 31, 2003

Table Of Contents

I.	Introduction.....	Page 2
II.	USAID’s Approach To Streamlining.....	Page 4
III.	Streamlining Progress To Date.....	Page 5
IV.	Priority Areas for Further Analysis And Improvement.....	Page 8
V.	Continuing Activities And Timetable.....	Page 10

I. INTRODUCTION

The Farm Security and Rural Investment Act of 2002 included several amendments to PL 480 – the Agriculture Trade Development and Assistance Act of 1954. Prominent among those changes was an amendment to Section 202 of PL 480, calling for “Streamlined Management” of the PL 480 Title II program.

Specifically, the amendment provided:

“(h) STREAMLINED PROGRAM MANAGEMENT.-

- (5) IMPROVEMENTS. – Not later than 1 year after the date of enactment of this subsection, the Administrator shall -
 - (C) streamline program procedures and guidelines under this title for agreements with eligible organizations for programs in 1 or more countries; and
 - (D) effective beginning with fiscal year 2004, to the maximum extent practicable, incorporate the changes into the procedures and guidelines for programs and the guide lines for resource requests.

(6) STREAMLINED PROCEDURES AND GUIDELINES. – In

Carrying out paragraph (1), the Administrator shall make Improvements in the Office of Food for Peace management Systems that include –

- (D) expedition of and greater consistency in the program review and approval process under this title;
- (E) streamlining of information collection and reporting systems by identifying the critical information that needs to be monitored and reported on by eligible organizations; and
- (F) for approved programs, provision of greater flexibility for an eligible organization to make modifications in program activities to achieve program results with streamlined procedures for reporting such modifications.

(7) CONSULTATION.-

(C) IN GENERAL. – Paragraphs (1) and (2) shall be carried out in accordance with section 205 and subsections (b) and (c) of section 207.

(D) CONSULTATION WITH CONGRESSIONAL COMMITTEES.-

Not later than 180 days after the date of enactment of this Subsection the Administrator shall consult with the Committee on Agriculture and the Committee on International Relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on progress made in carrying out this subsection.

- (8) REPORT.- Not later than 270 days after the date of enactment of this subsection, the Administrator shall submit to the committee on Agriculture and the Committee on International relations of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report on the improvements made and planned upgrades in the information management, procurement and financial management systems to administer this title.”

In the Statement Of Managers accompanying the Farm Security and Rural Investment Act, the House/Senate Conferees emphasized the importance of these provisions, noting that “the streamlining of procedures and regulatory requirements, and acceleration of the approval and review of projects involving food aid programs administered by USDA and USAID are a priority of this legislation”. The Managers went on to state that “It is necessary for USDA, USAID, and participating non-governmental organizations to act in concert to streamline and expedite procedures and activities to achieve a more effective and timely food aid delivery process”.

USAID is in full accord with the priority, emphasis, and approach described by the Managers. Title II of PL 480 is a significant component of USAID humanitarian and development assistance programs and a major effort is currently underway to prepare a Strategic Plan for the Office of Food for Peace for the years 2004 to 2008. Improved management, simplified guidelines and streamlined procedures are critical to the program’s effective use and the implementation of this strategy. The recent Congressional appropriation action increasing total Title II resources to over \$1.4 billion for 2003, together with the urgent release of commodity from the Emerson Trust, provides even greater emphasis to the importance of these efforts.

In November of 2002, as required by the legislation, USAID officials briefed Congressional representatives on initial streamlining activities and progress to date. In February of 2003, USAID, noting an unprecedented situation of extraordinary attention to famine relief, combined with an extended period of operation under a Continuing Resolution, requested and obtained an extension of time to continue its work and reporting on streamlining activities. This Interim Report of March 31, 2003 is part of that extended time schedule. A Final Report will be provided in July of 2003.

II. USAID’S APPROACH TO STREAMLINING

USAID began its “formal” streamlining efforts during the summer of 2002, building upon an internal process of management improvement that was already underway. It is clear that the wide range of both U.S. government as well non-government interests in Title II of PL 480 (and food aid generally) requires an examination of potential streamlining decisions that is transparent and as inclusive as possible. Within USAID, Title II policies, procedures and processes are a part of the Agency’s overall approach to development and humanitarian assistance. Streamlining of Title II systems and procedures must take into account not only their importance within the Title II program, but also, the relationship of those systems to other agency processes and interests, particularly in the field missions and other activities of the Bureau for Democracy, Conflict and Humanitarian Affairs. At the same time, the procedures used by the U.S. Department of Agriculture in its management of food aid activities are also very relevant and will be examined for reference and as possible models.

Further, the Title II streamlining effort must include the participation of Cooperating Sponsors, as well as critical business interests in the commodity, transportation, and related support industries.

In order to maintain the inclusiveness and transparency that is essential for success, USAID is undertaking stakeholder consultations in several ways: (1) through statutory procedures such as meetings of the Food Aid Consultative Group; (2) through other venues and gatherings such as the June, 2002 Food For Peace Conference; (3) through the Food for Peace Office Strategy development process, and individual consultations, and (4) through the use of two highly qualified consulting firms in order to assure the widest possible range of inquiry, both within and outside USAID. With these approaches, USAID intends to articulate, in operational terms, those ideas and changes that will be implemented.

In addition to stakeholder consultations, the consultants are reviewing previous analyses of Title II, researching regulatory and policy requirements, and are examining related food aid procedures such as those used by the U.S. Department of Agriculture. The firms are also undertaking a detailed systems review of existing program review and approval procedures. A web-based intranet entitled “Streamlining Central” has been established at www.ergconsult.com to solicit and provide information on streamlining suggestions, and on-line survey methodology will be used for data gathering.

As the streamlining analysis continues over the next three months, USAID plans to consult with as many government and non-government stakeholders as possible. The clear goal of this process is full compliance with the legislative streamlining directives and to reflect those changes and improvements in forthcoming Title II emergency and non-emergency policy and program guidance.

III. STREAMLINING PROGRESS TO DATE

As required by the Act, discussions were held on November 7, 2002 with appropriate Congressional Committees on streamlining actions already undertaken or underway in carrying out this subsection.

The following sections summarize progress to date on streamlining since enactment the legislation on May 13, 2002:

A. Improvements to the PL 480 Title II Non Emergency Review and Approval Process – The non-emergency PVO Development Assistance Program (DAP) approval process is first and foremost, a major part of streamlining. The new legislation requires that “the Administrator make a determination whether to accept a proposal not later than 120 days after its receipt.” This year, USAID assured that proposals were only reviewed once (a major change from the previous practice of multiple reviews) and approved or disapproved based on the merits and availability of funds. Issues and questions that arose during the review process were presented to Cooperating Sponsors in abbreviated format, and the entire review and approval process was completed within the legislatively mandated 120-day period. Meeting the 120 day requirement and assuring a single review are important initial efforts to reduce the time and level of effort required by USAID and PVO staff for program approval. During the review process, a number of areas were identified for further analyses and process improvement. The external consultants are currently undertaking this analysis and based on their findings, further changes and improvements are contemplated. These will be reported in the final July streamlining report to the Congress.

B. F.A.R.E.S. – USAID and the Department of Agriculture have nearly completed work on the Food Aid Request Entry System (FARES). F.A.R.E.S. is a web-based system whereby authorized participants may call forward (request) commodities against approved programs through a paperless on-line medium. Under the system, a Title II cooperating sponsor will be able to enter commodity request data in a user-friendly electronics format against approved Title II programs. Food for Peace staff will review/approve the call forward and annotate any comments/concerns on-line. Cooperating Sponsors can monitor the status of any call forward from submission to processing, through commodity purchase, and U.S. port available dates.

Administered by the U.S. Department of Agriculture in cooperation with USAID, the system represents a major advancement in the real-time information sharing of the status of any commodity request through the entire process, thereby minimizing the need for more time-consuming follow-up by telephone or email with USAID staff. While initiated by USDA, USAID has contributed significant cash and human resources to this highly beneficial project. FARES will be used for all food aid programs administered both by

USDA and USAID. The objective in the next phase of FARES development will be the improvement of detailed Title II financial reporting. This next phase is currently under development.

USAID and USDA have recently initiated a pilot testing of the FARES software and hope to move to full implementation in May, 2003.

- C. Expediting Results Reports And Resource Requests – An important component of the PVO non-emergency program review process is the submission to USAID of what is known as the “Cooperating Sponsors’ Results Report/Resource Request”. In order to expedite the review and acceptance of this documentation, and to minimize the time taken by senior managers within the process, USAID has issued re-delegations of authority to make the process more prompt. At the same time, USAID has incorporated improved administrative provisions in what is known as a “Transfer Authorization”, the key document in the Title II approval process. The result has been a more streamlined review of this critical documentation, saving time and improving the approval process.
- D. Re-Delegations of Authority: In an effort to expedite program reviews and approvals, the authority to sign transfer authorization modifications of up to \$10 million has been re-delegated to Division Directors. Similarly, approval of CSR-4s and other administrative modifications to transfer authorizations has been re-delegated to Division Directors.

In addition, the authority to obligate funds to cover freight costs of up to \$10 million has been re-delegated to the Division Director for Program Operations.

These re-delegations have significantly reduced the time and number of clearances required for various approval within the Food for Peace Office.

Further re-delegations are under consideration to simplify and improve Title II approval processes.

- E. “Hybrid” Transfer Authorizations (TA) – The “Transfer Authorization” is the basic obligating document for Title II resources. Recently, USAID has made use of a new “hybrid” T.A., a document that obligates funds from multiple resources. In an initial test of this approach, a cooperating sponsor (CS) in Ethiopia has closely integrated their planned use of Title II resources with USAID/Ethiopia Development Assistance (DA) funding. Normally, this would have necessitated two separate approval documents, but in an effort to streamline the process, FFP and USAID/Ethiopia agreed to use the “hybrid” TA and obligate both funding sources in a single document. USAID intends to make more frequent use of this method to streamline the provision of

assistance to Cooperating Sponsors. It is hoped that the hybrid TA will not only simplify both initial and annual approvals of programs for USAID, but also, make reporting requirements easier for the CS.

The hybrid TA procedure is also being used for Angola programming, where it encompasses several sources of funding and multiple recipients in one document. The Angola TA includes Title II emergency funding, Development Assistance Funding, Chevron/Texaco funding and ultimately, Title II development funding, and close cooperation with USAID's Global Development Alliance (GDA) office. The five PVO recipients are also in a Consortium and the single TA eliminates five separate TAs that would otherwise have been issued.

- F. Closure and de-obligation of Title II funded activities – Beginning in FY 1999, FFP initiated an effort to assure the prompt closure and de-obligation of Title II program accounts, specifically accounts obligated by USAID for freight related expenses for Title II activities. (FFP obligates on average over \$500 million annually for ocean freight, inland freight, and internal transportation, storage and handling (ITSH) and related costs.). FFP reimburses cooperating sponsors for the costs of these activities associated with Title II programs. Often actual expenses are less than the amounts obligated and the balance can be de-obligated for other uses. FFP has assigned dedicated staff and has streamlined procedures to monitor these accounts for prompt closure and de-obligation of unliquidated funds. Once de-obligated, these resources can be apportioned by the Office of Management and Budget to meet current food aid needs. FFP is also refining its estimating procedures for freight in order to achieve as accurate estimates as possible.

These actions undertaken to date and work now being done by the external consultants reflect USAID's commitment to the streamlining process and to improved management of its Title II programs. Several of the reported activities are technical and "internal" to USAID processes; others such as the FARES system, directly involve "outside" stakeholders. USAID is very aware that as it proceeds with actual streamlining accomplishments, there is a need to assure balance and participation among various interests and requirements in order to achieve practical results that actually make a difference. It is USAID's intention that resulting changes will be reflected in time and documentation reductions, more "user friendly" guidance and regulations, and improved program quality.

IV. PRIORITY AREAS FOR FURTHER ANALYSIS AND IMPROVEMENT

USAID's streamlining work to date has identified a number of potential areas for further analysis and improvement, in addition to continuing attention to those actions

reported in Section III, above. These “targets of opportunity” for improvement relate directly to the three areas of emphasis contained in the legislation:

- Expediting the program review and approval process, while providing greater consistency.
- Streamlining information collection and reporting systems by identifying critical information needs.
- Providing greater flexibility for modifications in approved programs, with streamlined procedures for reporting.

Thus far, the following actions are among those identified for decisions that would contribute significantly to achievement of these legislative directives. In each case, careful examination is needed to assure continuing compliance with legal and regulatory requirements, assure adherence to established policy and to provide reasonable expectations that benefits are clearly worth the cost of change. The consulting firms retained by USAID have considerable experience in Title II programs and systems analysis and will examine, among other factors, the following actions:

- A. Streamlining Program Guidance, Review And Documentation Requirements: The procedures used for review and approval of emergency and non-emergency programs are essential to Title II. The results achieved during the FY 2004 review and approval cycle for non-emergency projects have already identified areas of potential improvement and reductions in time and documentation. However, USAID’s Title II review and approval processes are also subject to legislative and regulatory requirements and a practical balance is needed between those requirements and program documentation. Analysis and decisions about the “critical information” needs described in the legislation could yield significant streamlining results.
- B. Enhancing Program Awareness: Understanding and knowledge about the Title II program is critical to the broad spectrum of program participants, including USAID/Washington, Cooperating Sponsors, USAID/Missions, and others. Awareness and training programs are needed for all involved, and there is considerable potential for more efficient and timely program management, based upon better understanding of the program and its requirements.
- C. Assuring Supportative Multi-Year Program Procedures: Multi-year programs are at the core of development uses of Title II. Such programs require consistency, long term local support and secure commitments of resources. (Recently, for example, Cooperating Sponsors have requested multi-year commitments of up to seven years.) Multi-year programs also require flexibility in making changes over the life of the program, as well as authorization of each year’s program activity and resources with a minimum of review and documentation. USAID is reviewing these

considerations as part of the streamlining effort, in order to assess potential for improvements in this vital area.

- D. Updating And Rewriting USAID Regulation 11: USAID Regulation 11 (22CFR226) is the basic regulatory guide for Title II programs and is urgently in need of updating and rewriting. The Regulation has not been rewritten in over a decade, and up to date regulatory guidance, reflecting both the significant legislative change that has occurred, as well as current cost and reporting principles, could be a major benefit to Title II and those involved in managing Title II programs. Reviewing the best approach to updating and rewriting Regulation 11 will be a major focus of USAID's streamlining work.
- E. Upgrading The Food For Peace Information System: The Food For Peace Information System (FFPIS) is the unique data base for Title II programs within USAID. It is used for all aspects of program approval, commodity budgeting, quality assurance, and cost analysis, and is essential to USAID's worldwide FFP programming. However it is archaic, non-user friendly, limited in its availability, and its platform instability poses a serious risk to the Agency. Currently only two individuals are able to perform the complex data entry required. Since data output can not be viewed on screen, analysis can only be performed from printed reports. Countless employee hours are lost compensating for the weaknesses and limitations of this system. Replacing this outdated system and linking it to other USAID systems would be a major management improvement, and could stimulate a "multiplier effect" for related streamlining actions.
- F. On Line Submission Of Proposals And Documentation: The possibility of on-line submission and review of Title II program proposals offers considerable potential for time and documentation savings. As part of the streamlining process, consultations with USDA, OFDA and Cooperating Sponsors on this subject could lead to significant improvements and savings.
- G. Re-examining Food For Peace staffing and Human Resource Requirements: Even if significant streamlining accomplishments are achieved, the workload imposed by a \$1.4 billion Title II program has serious consequences in terms of timeliness and efficiency within USAID's Office of Food For Peace. While recent changes have occurred, a re-examination of general staffing and specialized human resource requirements is in order and could result in substantially increased efficiency.

V. CONTINUING ACTIVITIES AND TIMETABLE

Over the next three months, USAID will complete its review of Title II streamlining. The consultants that have been engaged have already begun a process of consultation with USAID/Washington staff, Cooperating Sponsor representatives, business interests, and USAID field Mission staff. On-line access for streamlining information and sharing streamlining suggestions has been established via an Intranet at www.ergconsult.com. Among activities planned is a special effort to dialogue with USAID and Cooperating Sponsor field staff to identify systems and procedures that may be improved.

At this time, USAID's schedule is as follows:

- March 31-May 30, 2003 - Continued Consultations With Stakeholders
- June 2003 - Analysis, Including Strategy And Vision
- July - Final Report
- September 2003 – Issuance of 2005 Guidelines

As noted earlier, and to the maximum extent possible, Title II streamlining decisions will be reflected in FY 2005 policy and program guidance, as well as in revised operational and reporting procedures. As has already been the case, it is USAID's intent to apply streamlining decisions as quickly as possible. USAID's commitment to a strengthened and improved Title II program, in which streamlined procedures and guidance make a real difference in program participation and quality, is among the Agency's highest priorities.